

VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Meeting of the Board of Trustees
January 8, 2008

VSTRS Members present:

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2011
JOSEPH MACKEY, Vice-Chairperson (Active No. 29334), term expiring July 1, 2009
JAY KAPLAN, Association of Retired Teachers of Vermont, term expiring July 1, 2008 – **joined via conference call**
THOMAS CANDON, representing Commissioner of BISHCA
JEB SPAULDING, VT State Treasurer
VAUGHN ALTEMUS, representing Commissioner of Education – **arrived later in the meeting**

Also attending:

Donna Holden, Board Coordinator
Cynthia Webster, Director of Retirement Policy and Outreach
Linda Deliduka, Retired Teacher's Association
Mark Hage, VT-NEA
Beth Pearce, Deputy Treasurer

The Chairperson, Jon Harris, called the Tuesday, January 8, 2008, meeting to order at 1:06 p.m., which was held in the Treasurer's Conference Room, 109 State Street 4th Floor, Montpelier, Vermont.

ITEM 1: Approve the Minutes of December 11, 2007

On a motion by Mr. Mackey seconded by Mr. Candon, the Board unanimously voted to approve the minutes of December 11, 2007, as submitted.

ITEM 2: Discuss /Act on Disability Retirement for Susan Riley

On a motion by Mr. Candon seconded by Mr. Mackey, the Board voted to approve the disability retirement for Susan Riley, as recommended by the Medical Review Board.

Mr. Altemus arrived at the meeting.

ITEM 3: Vested Deferred Benefit Request

On a motion by Mr. Mackey seconded by Mr. Spaulding, the Board unanimously voted to approve the vested deferred payment requests received, consistent with prior requests of similar circumstances approved by the Board.

ITEM 4: Discuss/Act on Act 50 VPIC Study

Mr. Spaulding advised the Board the independent report would be reviewed by all three Boards over the next few days, and that the schedule permitted sending comments to Mr. Clark and Mr. Monk for consideration, prior to the January 15, 2008, submission of the final report to the legislature.

The Board discussed the language in section 10 of Act 50 and their opinions and interpretation of the language. Mr. Spaulding spoke to the intent of the legislation, despite the wording of the final version. The Board also expressed their opinions of the report.

Mr. Mackey made a motion seconded by Mr. Altemus, to withhold support for the report.

The Board discussed the reason for the non-support motion, some citing that the report did not address what they perceived was requested by statute.

Upon discussion, Mr. Mackey withdrew his motion and Mr. Altemus withdrew his second.

Mr. Harris made a motion seconded by Mr. Spaulding, to approve the draft *Vermont Pension Investment Committee Effectiveness and Governance Assessment* report by Mr. Gordon Clark and Mr. Ashby Monk. Motion failed 1-5, Mr. Spaulding voted yes, Mr. Kaplan, Mr. Mackey, Mr. Harris, Mr. Altemus and Mr. Candon voted no.

Ms. Pearce provided a DRAFT *VPIC Pre-Post Analysis* report, as discussed at the December 11, 2007, meeting. The preliminary report provided evidence supporting the anticipated money management fee savings, which totaled \$1,152,885.91 for the three systems annualized through November 30, 2007. She added that even greater savings from new breakpoint advantages would be realized with the inclusion of Burlington in the portfolio.

Mr. Spaulding shared his thoughts regarding the report, and advised the Board of his intention to express his personal opinion to the legislature when the report was filed. He said among some items included in that opinion would be his recommendation to completely separate the pension investment responsibilities from the pension benefit board functions, and to limit the pension investment board size to seven; three independently selected members from the Municipal, Teacher, and Employee groups, two gubernatorial appointments, and the Treasurer as ex-officio, and for that group to elect an independent, and compensated, chair that serves for a term supported by that Board.

ITEM 5: Any other business to be brought before the Board

Mr. Harris advised the Board the 5-year Experience Study for the period ending June 30, 2007, was received from Buck Consultants. He asked that members of the Board submit their questions to Cynthia Webster, to collate, send to Mr. Driscoll, and provide feedback to the Board prior to the March 19, 2008, meeting, when the report would be on the agenda to discussed and approve.

Mr. Kaplan disclosed that he had already contacted Mr. Driscoll directly with questions. He was asked to share the questions with Mrs. Webster. The Board agreed to discuss the procedure for contacting vendors at the next meeting.

Mrs. Webster advised the Board that a firm 5% increase quote was received from VSBIT for the health insurance plans available to members under age 65, and a 0% increase for the over age 65 plans, effective July 1, 2008.

Mrs. Webster also advised the Board that approximately 300 applications had been received for the dental plan, with another month of enrollment to go.

Mr. Spaulding advised the Board that the Treasurer's Office would be seeking legislative approval for a statewide voluntary 403(b) program. He asked the Board to think about who would/should provide oversight for the Plan.

ITEM 6: Adjournment

On a motion by Mr. Altemus seconded by Mr. Candon, the Board unanimously voted to adjourn at 2:50 p.m.

Next Meeting Dates:

The next scheduled VPIC meeting is February 13, 2008.

The next scheduled VSTRS business meeting is March 19, 2008.

Respectfully submitted,

Donna Holden, Board Coordinator
for Cynthia Webster, Secretary to the Board